

## Three Cautionary Tales: Union Carbide and Vienna, West Virginia<sup>1</sup>

West Virginia, never one of the more prosperous areas of the United States, went into rapid economic decline in the late twenties as the coal industry, long the state's mainstay, began to shrink. The decline of the coal industry was hastened by rising concern with mine accidents and miners' diseases. For many of the coal mines of West Virginia were small and marginal and could not afford modern safety precautions or adequate health protection.

By the late 1940s the leading industrial company in the state became alarmed over the steady economic shrinkage of the region. Union Carbide, one of America's major chemical companies, had its headquarters in New York. But the original plants of the company had been based on West Virginia coal, and the company was still the largest employer in the state, other than a few large coal mines. Accordingly, the company's top management asked a group of young engineers and economists in its employ to prepare a plan for the creation of employment opportunities in West Virginia, and especially for the location of the company's new plant facilities in areas of major unemployment in the state. For the worst afflicted area, however, the westernmost corner of the state on the border of Ohio, the planners could not come up with an attractive project. Yet this area needed jobs the most. In and around the little town of Vienna, West Virginia, there was total unemployment, and no prospects for new industries. The only plant that could possibly be put in the Vienna area was a ferroalloy plant using a process that had already become obsolete and had heavy cost disadvantages compared to more modern processes such as Union Carbide's competitors were already using.

Even for the old process, Vienna was basically an uneconomical location. The process required very large amounts of coal of fair quality. But the only coal available within the area was coal of such high sulfur content that it could not be used without expensive treatment and scrubbing. Even then—that is, after heavy capital investment—the process was inherently noisy and dirty, releasing large amounts of fly ash and of noxious gases.

In addition, the only transportation facilities, both rail and road, were not in West Virginia but across the river, on the Ohio side. Putting the plant there, however, meant that the prevailing westerly winds would blow the soot from the smokestacks and the sulfur released by the power plants directly into the town of Vienna, on the other bank of the river.

Yet the Vienna plant would provide 1,500 jobs in Vienna itself and another 500 to 1,000 jobs in a new coal field not too far distant. In addition, the new coal field would be capable of being strip-mined, so the new mining jobs would be free from the accident and health hazards that had become increasingly serious in the old and worked-out coal mines of the area. Union Carbide

<sup>1</sup>Peter F. Drucker, Management (London: Heinemann, 1974) pp. 320-22.

top management came to the conclusion that social responsibility demanded building the new plant, despite its marginal economics.

The plant was built with the most up-to-date antipollution equipment known at the time. Whereas even big-city power stations were then content to trap half the fly ash escaping their smoke-

stacks, the Vienna plant installed scrubbers to catch 75 percent—though there was little anyone could do about the sulfur dioxide fumes emitted by the high-sulfur coal.

When the plant opened in 1951, Union Carbide was the hero. Politicians, public figures, educators, all praised the company for its social responsibility. But ten years later the former savior was fast becoming the public enemy. As the nation became pollution-conscious, the citizens of Vienna began to complain more and more bitterly about the ash, the soot, and the fumes that floated across the river into their town and homes. About 1961 a new mayor was elected on the platform "fight pollution," which meant "fight union Carbide." Ten years later the plant had become

a "national scandal." Even *Business Week*—hardly a publication

hostile to business—chastised Union Carbide (in February, 1971) in an article entitled "A Corporate Polluter Learns the Hard Way."

There is little doubt that Union Carbide's management did not behave very intelligently. They should have realized in the early sixties that they were in trouble, rather than delay and pro-

crastinate, make and then break promises—until the citizens, the state government, the press, the environmentalists, and the federal government all were aiming their biggest guns at the company. It was not very smart to protest for years that there was nothing wrong with the plant and then, when governmental authorities began to get nasty, announce that the plant would have to be closed as it could not be brought up to environmental standards.

Yet this is not the basic lesson of this cautionary tale. Once the decision had been made to employ an obsolescent process and to build an economically marginal plant in order to alleviate unemployment in a bitterly depressed area, the rest followed more or less automatically.